



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
LANSING

ROBERT W. SWANSON  
DIRECTOR

### **Analysis of Enrolled Senate Bill 191**

**Topic:** Accounting  
**Sponsor:** Senator Richardville  
**Co-Sponsors:** Senators Hunter and Sanborn  
**Committee:** Senate Banking & Financial Institutions  
House Banking & Financial Institutions

**Date Introduced:** February 8, 2007

**Date Enrolled:** March 1, 2007

**Date of Analysis:** February 16, 2007

**Position:** The Department of Labor & Economic Growth supports the bill.

**Problem/Background:** The federal Sarbanes-Oxley Act of 2002 required states to review state laws and rules related to the accounting profession and to make appropriate legislative and regulatory changes. The Michigan State Board of Accountancy spent 18 months reviewing the Occupational Code and the Department of Labor & Economic Growth administrative rules. The Board's review resulted in several recommendations for changes in Michigan's laws, which were enacted as Public Act 278 of 2005. One of the recommendations was that licensees who performing attest services be subject to regular peer reviews. The new peer review requirement is scheduled to go into effect on March 1, 2007.

**Description of Bill:** The bill delays for one year the starting date of the peer review requirement. The bill also staggers the peer reviews over a 3-year period. Finally, the bill corrects a technical error in Section 725 of the Occupational Code by striking an experience requirement that was scheduled to expire in 2003.

### **Summary of Arguments**

**Pro:** Peer review, as currently envisioned, will impose too big a burden on the accounting profession. Staggering the reviews over several years is much more realistic.

The department rules relating to peer review are not yet ready. Delaying the starting date of the requirement will allow the rules to be in place at the beginning of this process.

**Con:** Although it is true that the rules are not yet ready, peer review is an 18-month process and the rules are much more relevant to the completion of that process than to its inception.

**Fiscal/Economic Impact**

**Budgetary:** The bill will have no budgetary impact on the department or the State.

**Revenue:** The bill will have no impact on department or state revenues.

**Local Government Impact:** The bill will have no direct local government impact.

**Comments:**

**Other State Departments:** No other state departments are affected by this bill.

**Any Other Pertinent Information:** The Michigan Association of Certified Public Accountants supports the bill.

**Administrative Rules Impact:** The department is currently working on administrative rules relating to the provisions in Public Act 278 of 2005.